

[REDACTED]

CERTIFIED MAIL

[REDACTED]

FEB 20 1986

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code, and the information submitted in support thereof.

The data submitted discloses you were organized on [REDACTED] for the purpose of bringing all [REDACTED] together and strengthening the cohesion existing between them. Your organization is a fraternal organization whose activities include the payments of sick, unemployment and death benefits to or on behalf of your members. Your funds are derived from membership dues.

Although Article VI of your articles of association permits the formation of sub-sections of your association, no subsections, lodges or local branches currently exist.

Section 501(c)(3) exempts from tax organizations operating under the lodge system for the exclusive benefit of its members who provide payments of life, sick, accident or other benefits to the members of such society.

Section 1.501(c)(3)-1(a) of the Internal Revenue Regulations states, in part, "A fraternal beneficiary society is exempt from tax only if operated under the 'lodge system' or for the exclusive benefit of the members so operating." "Operating under the lodge system means carrying on its activities under a form of organization that comprises local branches, chartered by a parent organization and largely self-governing called lodges, chapters or the like."

Revenue Ruling 73-192, 1973-1 CB 224, held that organizations are considered to operate under the lodge system only when they have a parent and local organizations which are active. Mere provision in the articles of organization for such bodies is not enough.

[REDACTED]

Since you have no local branches or sub-sections, you do not meet the definition of "operating under the lodge system" as set out in Rev. Ruling 73-192, supra. Therefore, we have concluded that you are not an organization which is described in section 501(c)(8) of the Code. You do not qualify for exemption under any other section of 501 (c).

You are therefore required to file Federal income tax returns on Form 1120.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]  
District Director

Enclosure: Publication 892